

Central Intelligence Agency



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DIRECTORATE OF INTELLIGENCE

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Australian Defense Policy: Labor's New Approach

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Summary

The new Labor government is following up on its election campaign promise and rethinking Australia's defense priorities and obligations for the 1980s. Already under consideration are proposals to move from a "forward" to "continental" defense, redirect equipment and manpower requirements, and reassess Australia's role in maintaining regional stability. All these point to the development of a more self reliant and independent defense policy in our judgment, although the Hawke government has reaffirmed its commitment to the ANZUS alliance.

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The New Focus

Labor Party leaders worry that overreliance on the US lead in defense and foreign affairs has undercut Australia's independence in policymaking. According to party policy statements, they believe post World-War II governments, including past Labor governments, have relied too heavily on the strength of the United States to guarantee national security, and, as a result, Australia has not fully developed its own capabilities for an effective national defense.

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The Hawke government is responding to this concern by initiating a review of national defense planning. Although the review is in its early stages, we believe it will result in Canberra's shifting defense policy to emphasize protection of Australia's territory, offshore mineral resources, and maritime approaches. This shift to a "continental" defense will be a significant one for Australia, which traditionally has

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implemented a "forward" defense policy. As such, Australia's military forces have been structured in the past to operate as an adjunct to the forces of its allies, namely Great Britain and more recently the United States and New Zealand. []

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The recently-defeated Fraser government (1976-83) set the stage for more independent defense policy. Although Fraser's approach to national defense was rooted in a strong ideological commitment to "forward" defense, which included the stationing of Australian military units in Malaysia, he recognized the need to strengthen domestic defensive capabilities. This resulted in a gradual, ad hoc, reorientation of Australia's armed forces toward more "continental" defense. The Hawke government, building on Fraser's initial efforts, is committed to a more deliberate and thorough restructuring of defense policy. []

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Military Restructuring

At this time, Australia's three military services operate with relative independence supplemented by an as yet untested "core force," of army, air, and naval elements designed to provide a strike capability for specific emergency situations. Foreign Minister Hayden, however, rejects this defense structure, arguing that using the "core force" would prove unwieldy at best and serves only to perpetuate an already inadequate status quo. Future defense planning, he maintains, must be based on a flexible, diversified force structure, which among other things includes full integration of the military services. Through integration, the Hawke government hopes to be in a position to more effectively address a variety of threats ranging from direct attack (least likely in Canberra's view) to terrorist acts against offshore oil installations. According to Hayden, the goal of Australia's defense program will be to discourage potential aggressors from seeing Australia as a low-cost, low-risk target of opportunity. []

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According to Australian defense experts, the most likely result of the proposed restructuring will be the establishment of three operational defense forces:

- o A continental defense command composed of ground and air forces;
- o A coastal defense command consisting of sea and ground elements backed by air reconnaissance; and
- o A strike force made up of longrange sea and air forces.

To accomplish this the Hawke government is moving ahead with most of the major military procurement contracts initiated by the former Fraser government. (see Table 1) Hawke, for example, has announced Australia will honor the previous government's

commitment to purchase 75 F/A-18 fighter-bombers from the United States at a cost of over \$2 billion. At the same time, the Hawke government has rejected all plans for acquiring an aircraft carrier to replace the decommissioned HMAS Melbourne, and has transferred all fixed wing aircraft from the navy to the airforce. Statements by Defense Minister Scholes and Foreign Minister Hayden indicate that as an alternative, Australia will emphasize a "balanced" force of submarines, surface combatants, and reconnaissance and strike aircraft. Canberra's stated aim is to equip all major aircraft (P-3C reconnaissance, F-111 and F/A-18 fighter-bombers) and naval vessels (Oberon and other submarines as well as FFG-7 frigates) with a Harpoon anti-ship missile capability. [redacted]

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Despite severe budget constraints, we believe the Hawke government will maintain or even marginally increase current levels of defense spending over the next several years. Hayden has publicly reaffirmed the Hawke government's commitment to allocate the funds necessary to rebuild national defense. Some trimming in Fraser's preliminary 1983-84 budget is in the offing, however, and we believe it is unlikely that defense outlays will meet the target of three percent of GDP called for by the Fraser government.* [redacted]

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By its own admission, the Hawke government faces a more difficult task meeting its manpower requirements for continental defense. It recognizes that Australia does not have the financial resources to maintain both a large standing army and an expensive naval force. Consequently the government intends to expand its voluntary reserve program by targeting specific skills needed to augment existing military forces and training additional reservists for active service in times of crisis. [redacted]

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Regional Presence

Labor Party leaders have rejected an increased regional military role for Australia. They do not, however, underestimate the importance of their presence in Southeast Asia. According to Australian defense experts, Canberra will maintain its participation in several regional military cooperation programs such as the Five Power Defense Arrangement with Singapore, Malaysia, Britain, and New Zealand, and the Integrated Air Defense System (IADS)--a coordinated command for air defense training--because they are seen as important elements for maintaining regional cooperation and stability. [redacted]

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*The Fraser government had targeted defense spending to reach this share by 1984-85 after remaining flat at 2.8 percent for the past several years. (see Figures 1 and 2) [redacted]

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The Hawke government does intend to pare current levels of direct military assistance, however, and reduce its military presence in the region. It has already told Indonesia that grants for equipment purchases will be trimmed significantly from last year's military aid package of \$8.9 million. Recent public statements by high level officials of the Hawke government also indicate it will follow through on the scheduled withdrawal of the Australian Mirage squadrons from Butterworth Airbase in Malaysia.* [REDACTED]

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To compensate for its decreased military presence, Canberra hopes to more fully develop Australia's role as a mediating "middle power" in Southeast Asia. Both Hawke and Hayden envision Australia serving as a diplomatic bridge between the major world powers and the LDCs in Asia. Hayden's swing through the ASEAN countries in May to determine the reaction should Australia resume aid to Vietnam, and his efforts to find a settlement to the Kampuchean problem are prime examples of this aspect of Labor's foreign policy. [REDACTED]

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ANZUS and US-Australian Defense Relations

Despite the views of Labor's left wing, Hawke and other party leaders appreciate the important role which ANZUS and US-bilateral defense arrangements play in ensuring national security. The Hawke government's commitment to a more independent defense policy, however, may lead Canberra to raise the possibility of "fine tuning" several aspects of US-Australian defense cooperation. Labor's platform, adopted at last year's party conference, suggests the most likely targets will be:

- o The joint communications facility at Northwest Cape
- o Staging of US B-52 training flights through Darwin

Hawke may raise these issues during his visit to Washington as a gesture to the left wing, which has criticized the government's apparent retreat from the party platform. He is also likely to discuss the specifics of his notion to update the ANZUS alliance. Australian officials will have a further opportunity to address their concerns at the annual ANZUS meeting scheduled for July 18-19. In any event, Hawke has given assurances, both to the press and to US Embassy officials, that he is in substantive agreement with US policy and we believe he is unlikely to pursue any radical readjustment of US-Australian defense relations or the ANZUS Treaty [REDACTED]

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*The withdrawal is scheduled for completion by 1986. Although various options have been discussed, Canberra appears to support the Fraser government's commitment to deploy F/A 18s to Butterworth on a rotational basis. [REDACTED]

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Australian Defense Procurement: Selected Contracts

| <u>Contract</u> | <u>Number</u> | <u>Cost</u> (US million) | <u>Supplier</u> | <u>Recipient</u> | <u>Delivery</u> |
|---|---------------|-----------------------------|-------------------------------|------------------|-----------------|
| AS 350B "Ecureruil" helicopters/ spares/equipment | 18 | \$20.6 | Aérospatiale (Fr.) | MOD | 1983-84 |
| Mobile EW system for detecting radio communications | 1 | \$18.0 | Sanders (US) | Army | 1986 |
| AN/TPQ-36 "Firefinder" weapon-locating radar systems/training equipment | 7 | \$44.8 | Hughes (US) | Army | N/A |
| Construction/installation ship's bridge simulator | 1 | \$11.3 | Krupp-Atlas (FRG) | Navy | 1985 |
| F/A-18 fighter-bombers | 75 | \$2,117 | McDonnell-Douglas (US) | Air Force | 1985-89 |
| F/A-18 operational flight trainers/spares/support | 2 | \$22.5 | Sperry (US) | Air Force | 1985-87 |
| Prototype fiberglass catamaran (inshore minehunters) | 2 | \$20.0 | Carrington Slipways (Aus) | Navy | 1985-86 |
| P-3C flight trainer | 1 | \$ 9.6 | Singer-Link (US) | MOD | 1985 |
| "Barra" sonobuoys | N/A | \$43.5 | Amalgamated Wireless (Aus) | MOD | N/A |
| "Milan" anti-tank guided missile system | 1 | \$ 4.5 | Euromissile (Fr/FRG) | N/A | N/A |

Figure 1
Australia's Real Defense Expenditures

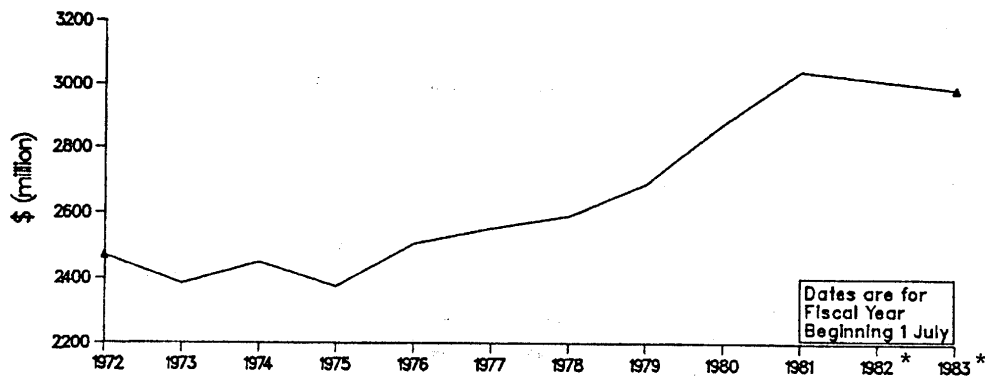
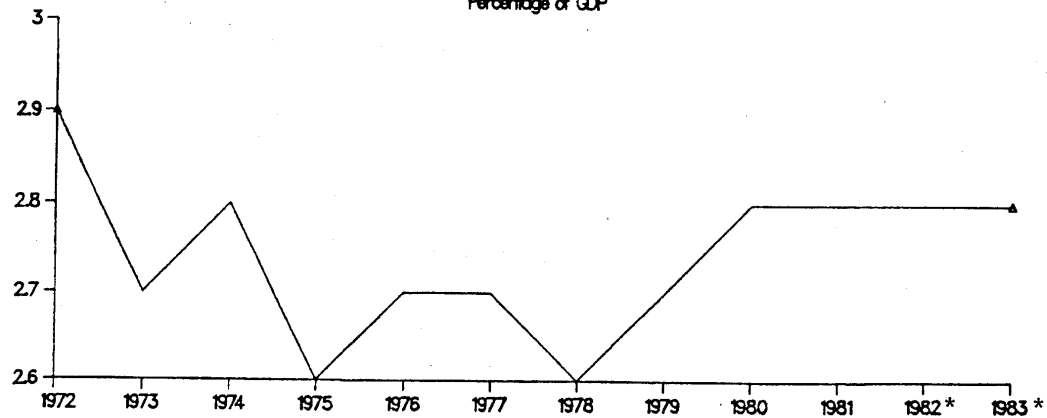


Figure 2
Australian Defense Expenditures
Percentage of GDP



*estimates

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Australian Defense Policy: Labor's New Approach [REDACTED]

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